Analysis of the effect of coronavirus (covid-19) on the development of the world economic system

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ABSTRACT

The article provides a comprehensive analysis of the impact of the coronavirus COVID-19 on the global economic system. In particular, the authors analyze the onset of a pandemic and the characteristics of the new coronavirus. The conclusions about the unpreparedness of the world community for global threats caused by the outbreak of the disease are supported by the World Bank's arguments about the unpreparedness of countries for catastrophic epidemics. The authors combined the main threats identified by the World Bank into a single system. COVID-19 has had a significant impact on global stock markets. With the increase in the number of people infected with coronavirus, the tension among investors also grew. By the end of February this year, a crash occurred in the US stock markets, the authors attribute it to an underestimation of the spread of the virus, and as a result, this led to the breakdown of many trading chains and the lack of certainty and stability. The article also analyzes the impact of coronavirus on the economy of key countries of the world. It also examined the economic mechanisms used by these countries to mitigate the effects of COVID-19 and support the economy. In conclusion, key conclusions were drawn about the impact and consequences of COVID-19 on national economies and the global system.

Key words: COVID-19 coronavirus, stock markets, sectoral structure of the economy, world production, financial support package, economic reforms, economic recession, economic sectors, benefits and loans, budget.

1. Introduction

Today, the analysis of the World Economy has clear boundaries before COVID-19, during the pandemic and the development of the economic system after it. The outbreak of COVID-19 occurred during the period of a strong slowdown in the global economy (global production increased by only 2.9%) after the 2008 crisis (global production increased by 2.5%).

At the end of 2019, namely December 31, the World Health Organization drew attention to a new type of pneumonia that erupted in the city of Wuhan, Hubei Province with a population of more than 58 million people. The rapid spread of the virus, which was characterized by the speed of infection and the severity of the disease from a cold to a severe acute respiratory syndrome, the incubation period, which was at the beginning of the pandemic - up to two weeks, but later, it became clear that it lasts up to 24 days, and versatility (characteristic of cold-blooded and warm-blooded animals and humans). Already in January 2020, the disease went beyond China, so the first cases in Thailand became known on January 13, January 15 in Japan, and January 20 in South Korea. The virus also reached Australia and Europe. By early February 2020, 24,613 COVID-19 cases were detected, with 24,392 people coming from China.⁴

At a briefing in Geneva on March 11, 2020, the Director General of the World Health Organization, Tedros Adhan Ghebreyesus (WHO), announced the new coronavirus COVID-19 as a pandemic. At this point, the total number of people infected with the new coronavirus in the world amounted to 118 thousand people in 114 countries.⁵

It should be noted that this state of affairs affected the world economic system. According to many experts, a pandemic will become a prerequisite for a new global economic crisis. For example, experts at Moody's Analytics believe that this crisis could be worse than during the global recession of 2008-2009 or even the Great Depression of the 1920s.⁶

2. Main part

Of course, the experience of the world economic crises, the development of science and technology, biotechnology has allowed economists to think about the reasons for the emergence of a new world crisis, including during epidemics. So, the World Bank back in the 2000s created a group of experts that should investigate the likelihood of epidemics and develop a mechanism to mitigate their likely consequences. Each year, the World Bank publishes a report detailing the growing threats of various catastrophic epidemics and

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⁴ Cascella M., Rajnik M., Cuomo A., Dulebohn S.C., Di Napoli R. Features, Evaluation and Treatment Coronavirus (COVID-19). Treasure Island (FL): StatPearls Publishing, 2020

⁵ https://topcor.ru/13556-voz-vystupila-s-zajavleniem-objavlena-vsemirnaja-pandemija-koronavirusa.html.

⁶ https://aif.ru/money/economy/velikaya_pandemiya_chem_nyneshniy_krizis_otlichaetsya_ot_krizisa_2008-2009.

ascertaining the fact that countries are not yet ready for such threats.⁷

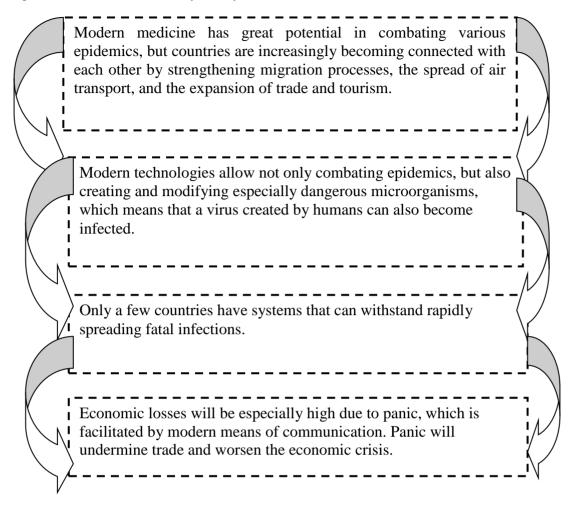


Fig. 1. World Bank Arguments on Unavailability of Countries for Catastrophic Epidemics

The threat of a global crisis associated with the spread of especially dangerous viruses and diseases is not new to the world community. So, the SARS coronavirus in 2002-2003, which is better known to us as "SARS", which broke out in China, quickly spread to another 25 countries and killed about 800 people. Due to the relatively high mortality rate of the sick (one in ten died), the situation became very complicated. Then the loss of the world economy amounted to approximately \$ 40 billion, and the Chinese economy lost 2% of points of quarterly growth. China's gross product did not exceed 1.7 trillion. dollars a year, but it should be noted that since then the Chinese economy has shown rapid growth (the economy has grown nine times more - \$ 15 trillion), its share in global GDP has increased from 4% to 17%. ⁸

In this regard, it is necessary to determine the reaction of stock markets to COVID-19.

The Chinese economy in the era of globalization began to both directly and indirectly influence the mechanism of functioning of the world economic system. For example, NASDAQ futures lost about 2%, the Shanghai Composite and Shenzhen Stock Exchange Composite indexes fell by about 10% since mid-January, the developing countries stock index MSCI Emerging Markets fell by about 7%, the stock index of large US companies S&P 500 for the second half of January decreased by about 3%, we note that this is the primary reaction of financial markets to the outbreak of coronavirus. With the increase in the scale of infection in China, the tension among investors of various countries has also increased.

According to the head of the analytical department of AMarkets Artem Deyev, Wuhan is a major commercial and industrial hub. The headquarters of the largest Chinese automobile manufacturers are located here and more than 300 of the 500 largest world companies are actively operating. COVID-19 managed to panic

⁷ Tuzhikova L.F. Problems of crisis in the economy in a viral epidemic and falling oil prices // Use of innovative technologies in the development and implementation of economic reforms. Collection of articles following the results of the International scientific-practical conference. 2020.S. 99-102.

⁸ https://www.bbc.com/russian/features-46845590

these giant companies and, as a result, they began to shut down their offices en masse, curtailing operations and evacuating workers. In order to fully appreciate the role of Hubei in the global economy, we note that out of more than a thousand production facilities, more than forty are owned by US companies and approximately the same number are European companies.

By the end of February, there was a collapse in the US stock markets, the Dow Jones Industrial Average (DJIA) index fell 3.44% to 27996.26 points, the NASDAQ index of technology companies fell 3.61% to 9231.090 points. The S&P 500 wide market index fell 3.09% to 3234.59 points.

Such sharp stock market crashes, of course, are the result of underestimation of the unprecedented markets of COVID-19, which led to the breakdown of many trading chains and the lack of certainty and stability.

By the end of March, the position of China in the fight against coronavirus has improved significantly from 81,782 thousand people. 75 122 thousand people were cured (as of March 28, 2020). In this regard, the Shanghai Composite Index on the Shanghai Stock Exchange by the end of trading increased by 0.26% to 2772.20 points, the SSE 50 composite index, which includes shares of the 50 largest and most liquid companies on this stock market, remained in positive zone and added 0.45%. The automotive industry is gaining ground, with SAIC Motor rising 2.19% to RMB 20.53 a share. However, shares of Chinese airlines fell in price (Air China fell in price by 1.89% to 6.75 yuan per unit, Shanghai Airport fell 2.98% to 62.09 yuan per share). The market positively perceived the situation with COVID-19 in China, as well as the statement by the leaders of the G20 countries about the need to allocate more than 5 trillion. US dollars to eliminate and mitigate the economic impact of COVID-19. Important is the fact that countries have come to the conclusion that it is necessary to unite in the fight against the pandemic and begin to coordinate their actions.

Consider the impact of the coronavirus COVID-19 on the economy of some key countries in the world. US economy.

By the beginning of April, the situation regarding the distribution of COVID-19 in the world had worsened significantly, as the number of infected people as of April 2, 2020 amounted to 936 592 people, we note that in just one day (from April 1 to April 02) this figure increased by 77 366 people. The number of people who recovered was 193,999 people (as of April 2, 2020), and the mortality rate due to infection with coronavirus remains high 47,203 people, in one day this indicator also exceeded the most pessimistic expectations and amounted to 5,053 deaths (from April 1 to April 2).

Note that the worst indicators are observed in the northern part of the American continent, where the number of infected with COVID-19 was 226,027 people, of which 215,081 people were the United States alone, and the number of deaths due to coronavirus exceeded the five-thousandth line and amounted to 5,267 people, out of of which 5,109 deaths occur only in the United States (Table 1).

World statistics of coronavirus on April 1, 2020 10

Table 1

Country	Infected	Recovered	Died 129	
Canada	9 731	1 736		
USA	215 081	8 878	5 109	
Mexico	1 215	35	29	
Total	226 027	1771	5267	

Of course, the pandemic directly affects the US economy, which is the leading country not only on the American continent, but also the entire World.

table 2

US GDP growth dynamics 11				
years	2016	2017	2018	2019
GDP (in billions of \$)	18624.45	19390.6	20412.87	21506.231

In the ranking of countries by GDP (2019), according to the IMF and FocusEconomics, the United States ranks first with forecasts for exceeding nominal GDP of 21 trillion. US dollars. It should be noted that the US economy accounts for approximately 20% of total world production. In the socio-economic development of the United States, a technologically advanced service sector with a predominance of service-oriented companies is of particular and even paramount importance (Fig. 2).

¹⁰ https://коронавирус.онлайн/stat.

⁹ https://www.dowjones.com.

¹¹ https://www.focus-economics.com/countries

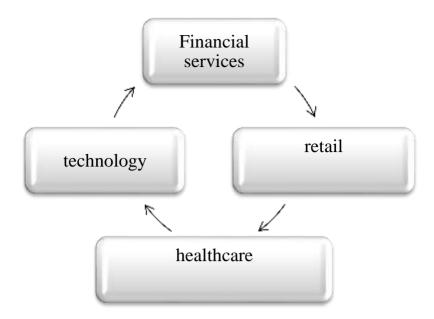


Fig. 1. Priority areas of activity of service-oriented companies in the United States.

From the above it is clear that the service sector is a priority for the development of the US economy. However, the situation has changed dramatically with the outbreak of COVID-19, the economic consequences of which, in the first place, affected the service sector, the manufacturing sector. So, according to experts of the leading US bank Goldman Sachs, with a decrease or cessation of activities of leading industrial enterprises and some sectors of the service sector, the unemployment rate will increase to 15%. Also, the forecast for US GDP is also quite pessimistic - with a decrease in the second quarter of 2020 by 34%, we note that such an indicator in US history was only once during the period of the great depression. However, Goldman Sachs analysts believe that by the third quarter of this year, the US economy will begin to recover rapidly, and the level of GDP will grow by 19%. Such optimistic forecasts are related to the ongoing financial policy of the state, in particular, the adopted law on financial support for the US economy.

The law provides for a package of financial support for vulnerable segments of the population; business amounts to 2 trillion. US dollars. So, according to this law, US \$ 1,200 will be allocated to US citizens whose income does not exceed \$ 75,000, and \$ 367 billion will be allocated to support small businesses, and they will be allocated to other sectors of the economy that require assistance 500 billion dollars. ¹²

Chinese economy.

Today, the Chinese economy is the second economy in the world, second only to the United States. Such impressive growth rates are the result of the country's economic reforms carried out in 1978, when the country's economy ranked ninth in nominal GDP - \$ 220 billion, and in the pre-coronavirus period this figure exceeded nine trillion US dollars.

China's GDP growth dynamics 13

Table 3

years	2016	2017	2018	2019
GDP (in billions of \$)	11221.836	12014.61	14092.514	14242.705

The manufacturing industry is a priority sector for the development of the country's economy, including construction, and recently, the tertiary services sector has begun to play an important role in the development of the Chinese economy (Fig. 2).

13 https://www.focus-economics.com/countries

¹² https://24tv.ua/investment/ru

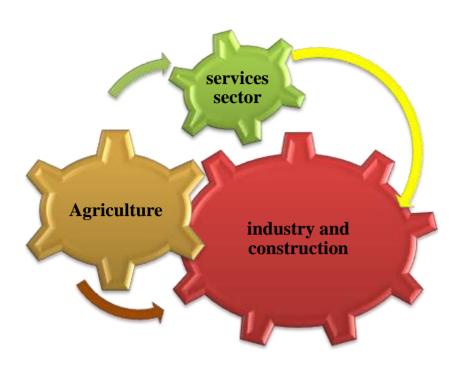


Fig. 2. Priority sectors of the Chinese economy.

Prior to the outbreak of COVID-19, Visual Capitalist prepared a forecast for GDP for 2030, which was supposed to be 64.2 trillion. US dollars. Coronavirus dramatically worsened China's economic development, but by the end of March 2020, the spread of COVID-19 had stabilized.

Analyzing the specifics of the PRC economy, we note that it has an export-oriented nature. That is why China occupies a special place in the international chain of division of labor and ensuring the dynamic development of the world economy. The state and emerging changes in the economy of China instantly affect the national economies of many countries that have a direct or indirect connection with this country. China's economy is mainly export-oriented. Production in this country is carried out on such forms of organization of production as - international cooperation and internal specialization.

China may well resume its export potential. The index of business activity (PMI) of the industrial sector in March 2020 rose to 54.1 points. Although the index of new export orders rose to 46.4 points (in February 28.7 points). China, being ready to provide "supply" after stabilizing the situation with COVID-19, of course, was faced with a significant reduction in "demand" for its goods.

The economy of Japan.

The accelerated development of the Japanese economy dates back to the 70 years of the twentieth century, when the average growth rate was 10%, and by the 90s it became not only a group of developed countries of the World, but also strengthened its position in the geopolitical arena, becoming one of the "leading "Powers. It should be noted that Japan is poor in natural resources. Japan relied on the only available resource - human capital - a combination of knowledge, skills used to satisfy the diverse needs of man and society as a whole.¹⁴

According to I.T. Shestakov, "The main challenge to the development of human capital in digital civilization is the speed of transformation of sociotechnological infrastructure." 15

As of April 2020, the population of Japan was 125,899,262 people, the population density was 333.1 people. per km2, which is 1.62% of the world's population. Today, more than 70% of the Japanese population aged 15-64 are employed, which is higher than the average level of employment in the countries of the Organization for Economic Cooperation and Development (OECD) (68%). A feature and requirement when applying for a job is high qualification, professionalism and a good education. That is, Japan occupies a leading position in the quality of labor resources, so 78% of people in the age group from 25 to 64 have full secondary education. This indicator is also the highest among OECD countries. It should be noted that Japan is also a leader in terms of health and life expectancy, so for women, life expectancy is 87 years, for men - 81 years. But in the

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¹⁴ https://ru.wikipedia.org.

¹⁵ Shestakova I. G. Human capital in the digital age // Scientific journal NRU ITMO. Ser. Economics and environmental management. 2018. No. 1.C. 56-63.

demography of Japan, not everything is so cloudless, the country is witnessing a process of "aging of the population". By this indicator, Japan is a world leader, 28% of its population is over 65 years old.

Table 4

The dynamics of GDP growth in Japan 1	6
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years	2016	2017	2018	2019
GDP (in billions of \$)	4949.272	4872.135	5167.051	5231.223

The Japanese economy since the 90s. The twentieth century begins to slow down, and this period is called the "lost decade" by specialists. The slowdown in economic growth, for the most part, is associated with the socalled "bursting bubble of prices" for Japanese assets. By the end of 2005, with the help of a coordinated and effective state policy, the situation was not only stabilized, but also accelerated.

However, in October 2019, the Japanese government took forced measures to increase sales tax to 10% (until October 2019, the sales tax was 8%). According to Japanese Prime Minister Shinzo Abe, this step is related to the aging process. Also, according to him, "... this will be a step towards creating an insurance system for all generations, within which children and older people can feel comfortable", "... with regard to the consequences of raising taxes, we will take all possible steps." The consequences of raising sales taxes, of course, can be quite serious, as they will affect socially vulnerable segments of the population, affecting most goods and services. In 1997, the sales tax was raised from 3% to 5% (during the Asian financial crisis) and in 2014 from 5% to 8%, and each time this decision caused a recession in the Japanese economy (public debt amounted to 240% of the country's GDP) .17 That is why the Prime Minister of Japan twice delayed the decision to introduce such measures.

In the sectoral structure of Japan, there is a predominance of the tertiary sector - the service sector, which is about 70%, the secondary sector - manufacturing, is about 25%, and the primary sector accounts for about 5% of the activity (Fig. 3).

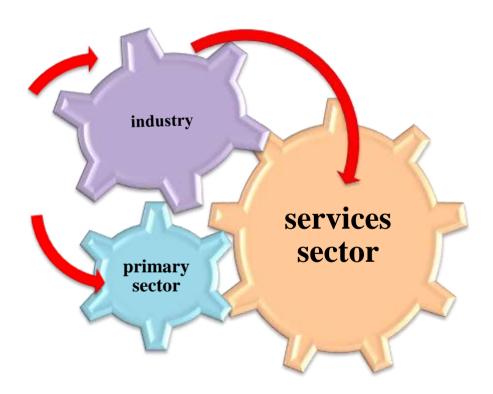


Fig. 3. Priority sectors of the Japanese economy.

The Japanese economy, although it showed a positive dynamics of GDP, but like many other countries was not ready for a pandemic. As of April 7, in Japan, the number of cases reached 3654 people. 18

¹⁶ https://www.focus-economics.com/countries.

¹⁷ https://www.sularu.com.

¹⁸ https://coromir.ru/category/strany/yaponiya.

Table 5

The fact that COVID-19 is causing serious damage to the Japanese economy was also noted by the head of the Central Bank (CB) of Japan Haruhiko Kuroda. Such a statement was the result of an awareness of the rapid recession of the country's economy, although until the last moment the government had hoped to stabilize the economy through exports. However, the head of the Central Bank noted that expectations were not met, exports and consumption seriously decreased with a decrease in the number of Chinese tourists. In this regard, on April 7, 2020, Japan decided to apply a package of incentives, which in terms of volume became a record and amounted to 108.2 trillion yen or 994 billion US dollars, that is, the volume of the package is equivalent to 20% of the country's GDP. Of this amount, cash payments in the amount of 300 thousand yen will be paid to support citizens who suffered losses as a result of the coronavirus, 4 trillion are allocated for these purposes. yen, and 2.3 trillion. yen for supporting small business (the share of people employed in this area is 77%)²⁰. In total, the government allocated 45 trillion, yen for corporate financing, which should help Japanese companies maintain business in times of crisis. For comparison, European Commission President Ursula von der Leyen announced the allocation of up to 100 billion euros to support the EU member states most affected by COVID-19.²²

German economy.

Germany is a country that not only was able to recover from two world wars,

but also became the locomotive of the EU. According to FocusEconomics, in the ranking of the strongest economies in the world in 2019, it took fourth place. ²³

German GDP growth dynamics 24

German GDI growth dynamics				
Years	2016	2017	2018	2019
GDP (in billions of \$)	3479.232	3684.816	4211.635	4210.802

In the sectoral structure, the tertiary sector occupies a leading position - this is approximately 60% of GDP, more than 50% falls on the manufacturing industry and a little more than 1% on agriculture. This specificity of the sectoral structure is characterized by insufficient mineral reserves (Fig. 4). Despite this, Germany is one of the leaders in the engineering industry, the chemical industry, etc. and successfully exports such goods.

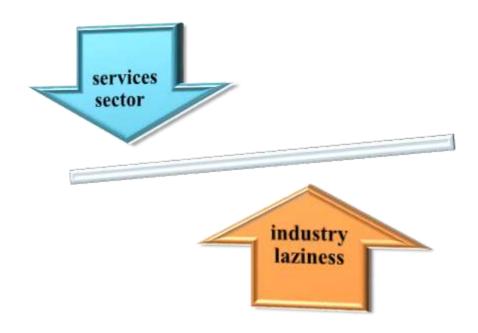


Fig. 4. Priority sectors of the German economy.

¹⁹ https://www.reuters.com/places/china.

 $^{^{20}}$ Козырев А.В. - Инфраструктурное обеспечение малого и среднего предпринимательства: международный опыт // Теоретическая и прикладная экономика. - 2019. - № 3. - С. 1 - 14. URL: https://nbpublish.com

²¹ https://www.bloomberg.com.

²² https://lenta.ru/news.

²³ https://www.focus-economics.com/countries.

²⁴ https://www.focus-economics.com/countries.

The German economy survived after the 2008 World Financial Crisis, although the country felt its serious negative impact in 2009, when the economy contracted by 4.7%. Especially the aftermath of the crisis felt East Germany, where unemployment exceeded 20%, in this regard, the government was forced to subsidize more than 10 billion US dollars in eastern lands (2008). However, already in 2010, the German economy grew by 3.6%, and this trend continued in 2011, with GDP growth of 2.3%. A fairly quick recovery from the crisis, we can say, is the result of reforms begun in 1998 and continuing until 2005. These reforms have reduced unemployment and created sustainable jobs. Of course, the recovery is also associated with a policy of increasing production orders, which strengthened the country's domestic production and export potential. But it must be noted that Germany is reproached for the excessive use and coverage of the markets of the EU member states.

One of the negative factors that led to a decline in economic indicators in 2019 is migration. Migration has recently become a real headache for Western European countries. The population of Germany in 2019 increased to 83.2 million people, we note that, according to forecasts of the Federal Office for Refugees and Migration, Germany in 2020 can only accept 200 thousand people, although their official number exceeds 450 thousand people²⁵

However, the slowdown in the German economy, according to the head of the Bundesbank, Jens Weidmann, is connected with the "market hole". So, according to the Institute of Macroeconomics and Market Research, the German economy in September 2019 fell by more than 50%. The recession of the German economy is also associated, in our opinion, with Brexit and its high dependence on exports. That is why even the "trade war" between Beijing and Washington affected the German economy.

But the situation in the world economy changed under the influence of the coronavirus, which crippled both the Chinese economy and the US economy, as well as any other country that included COVID-19, including the German economy, whose public debt reached 60%.

David Folkretz-Landau, chief economist at Deutsche Bank, roughly estimated the impact of COVID-19 at \$ 1.5 trillion. Euro. The European Commission approved the German government support program, which consists of two schemes.²⁷

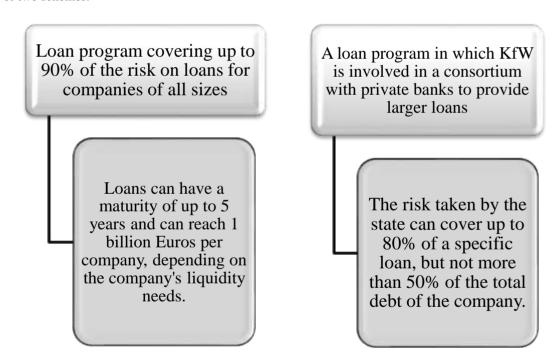


Fig. 5. Measures to support the German economy in the framework of the Provisional Structure, implemented through the German promotional bank Kreditanstalt für Wiederaufbau ("KfW")²⁸

Such measures will be able to support companies affected by COVID-19 through the provision of Kreditanstalt für Wiederaufbau promo-bank in cooperation with commercial liquidity banks in the form of subsidized loans.

²⁶ https://ec.europa.eu

²⁸ https://www.expoclub.ru

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²⁵ https://visasam.ru.

²⁷ https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html.

Table 6

As a result of coronavirus, the country's expenditures will exceed planned by more than 35%, and tax revenues will be reduced by 33.5 billion euros. It is expected that the costs, together with additional costs in 2020, will amount to 484.5 billion euros. German research institutes presented a forecast for the development of the country (April 8, 2020). According to these forecasts, German GDP in 2020 will decrease by 4.2%, in absolute figures by 2.5 million people, unemployment may increase to 5.9%. It is also expected that Germany's cumulative deficit in regional budgets will exceed the threshold of 150 billion euros by record drops. But the forecasts presented have an optimistic trend for 2021, when, in their opinion, the Federal Republic of Germany's GDP will grow by 5.8%.²⁹

UK economy.

The UK economy experienced a rather serious decade-long recession of the economy (1999-2008), which is directly related to the high intensity of investment injections in the housing market and the dependence of consumers on loans.

After the crisis, the country's GDP grew by 2.8%, and the UK economy gradually began to stabilize (Fig. 6).

UK GDP growth 30

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years	2016	2017	2018	2019
GDP (in billions of \$)	2660.687	2624.529	2936.286	2982.576

In the sectoral structure of the UK, the service sector dominates (in the GDP structure more than 70%). Financial services can be separately noted here, it is known that London is a financial center with about 12% of the workforce and tourism, about 10% of the working population is employed in this area, and income from the tourism industry is about \$9 billion.

Industry is also a priority for the development of the country's economy (in the structure of GDP more than 20%). The mining industry is quite developed, for example, fuel energy is characterized in the continental shelf of the North Sea. About 13% of industrial production falls on transport engineering, and slightly more than 12% falls on the food industry, and about 11% falls on metallurgy. Agriculture in its intensive form of organization is the third whale (in the structure of GDP more than 1.3%).

I would like to note that a little less than 2% of GDP is spent on research and development (R&D).

Agriculture
industry
services

Fig. 5. Priority sectors of the UK economy.

Recently, the entire world economic system is in a state of shock. One of the factors provoking tensions in the global economy is the trade war between China and the United States, another serious problem is the control and regulation of migration flows, of course, "Brexit".

Great Britain is a special country with a significant voice in the international arena. The area of the country is $242,495 \text{ km}^2$, the population is 67,886,004 people. (2020). The Brexit has recently become the most discussed issue. It should be noted that from the very beginning of its membership in the EU, the UK has sought

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²⁹ https://www.dw.com

³⁰ https://www.focus-economics.com/countries.

to maintain independence in making strategic decisions of an economic, political and other nature. So, Great Britain did not join the Schengen agreement, did not introduce the "euro" as a single European currency. But even under such special conditions, dissatisfaction with the UK's membership in the EU grew. In 2019, the House of Commons approved an option to exit the EU.

The UK, along with many countries, faced COVID-19, and The Guardian already writes about a possible record decline in production to 15% in the second quarter of this year. Of course, this situation in the manufacturing sector will instantly affect the level of employment, which means that the number of unemployed will increase significantly (according to the forecasts of the Japanese bank Nomurac, unemployment will increase from 3.9% to 8%).³¹

The Government of the United Kingdom, according to the Minister of Finance Rishi Sunak, also notes a decrease in economic activity, however, the negative impact of COVID-19 on the economy is a temporary phenomenon, which will gradually be adjusted with the establishment of production and business activity in the country.

To combat COVID-19, as well as its possible economic consequences, the government allocated the first package in the amount of 30 billion pounds.

First aid kit to fight COVID-19 30 billion £

7 billion pounds to support the most vulnerable and selfemployed, with a high risk of income loss due to a pandemic

5 billion pounds for the development of the National Health System

- 18 billion pounds to support the British economy.
- the level of borrowings from GDP will increase from 2.1% in the 2019-2020 financial year to 2.4% in 2020-2021 and 2.8% in 2021-2022.

Fig. 6. Measures to support the economy during and after COVID-19 of the United Kingdom (March 2020)³²

UK public debt as a result of COVID-19 could exceed \$ 2 trillion. pounds, and government spending will increase by 2.8%, that is, faster than the economy itself will grow.

By the end of March 2020, the country's banks began to provide loans of up to 5 billion pounds. Such support began to be provided after the Minister of Finance announced the allocation of a second package of assistance to businesses in a pandemic in the amount of 330 billion pounds.³³

By mid-April, B. Johnson proposed a new support scenario, which will amount to 60 billion pounds. This support implies direct support to citizens and companies (the possibility of paying 80% of wages during the period of forced isolation and stopping activities) affected by COVID-19. According to this scenario, the unemployment rate will increase from 3.9% to 10%, in 2020 more than 200 billion pounds will be added to government loans. According to a study by the Office of Budget Responsibility (OBR), the budget deficit in the UK economy will reach 273 billion pounds.

Indian economy.

31 https://www.theguardian.com.

³² https://www.theguardian.com.

33 https://finance.rambler.ru.

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India is a unique country with an ancient culture, in 1947 it finally achieved independence. However, after gaining independence, India faced serious problems:

national and cultural fragmentation. For example, the caste system, until now, in our opinion, is a serious inhibitory factor that does not allow to increase the number of the middle class, which in essence is the engine of economic growth of the state:

atrophied social and industrial infrastructure;

strong attachment to the agricultural sector:

poverty, illiteracy.

Modern India is the sixth economy in the world in terms of GDP and the third largest economy, with an annual growth rate of 4.7% in the fourth quarter of 2019.

India GDP growth dynamics 34

Table 7

years	2016	2017	2018	2019
GDP (in billions of \$)	2273.556	2611.012	2848.231	2935.226

However, many problems are still relevant today. So, for example, (according to official accounting), the unemployment rate is 7.8% (March 2020), and only 20% of the total working-age population is involved in sectors of the Indian economy. At the same time, the average age of the population of India is 28 years. To solve these problems, India had to solve strategic tasks, which can be divided into two stages:

- 1. From 1947 to 1991 based on the use of market economy mechanisms, as well as tight control over the implementation of tasks set by the state. These tasks include the formation and development of:
 - mining and manufacturing industries:
 - private sector:
 - focus on import substitution.
- 2. From 1992 to this day the development of the country on the basis of the principles of liberalization of the economy with an emphasis on services and industries. Opening Indian markets to foreign investors.

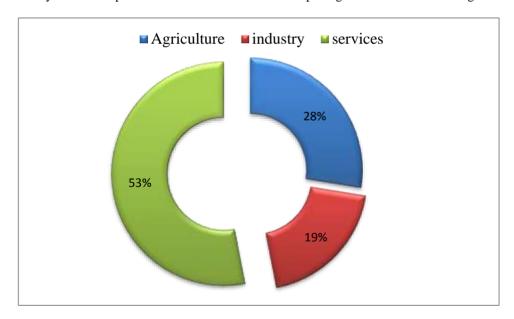


Fig. 7. Priority sectors of the Indian economy.

Prior to COVID-19, according to the World Economic Forum (WEF), India will grow by at least 7.8% per year over the next 10 years and become the third country in terms of GDP with a volume of 2.6 trillion. US dollars, as well as by the end of 2030, PPP GDP should be 46.3 trillion. US dollars. India will be able to solve one of the main problems in the development of its economy - this is the expansion of the middle class, in this regard, by 2030, India in the manufacturing and service sectors should create 100 million new jobs. 35

³⁴ https://www.focus-economics.com/countries.

³⁵ https://www.weforum.org.

Table 8

The employment problem was greatly exacerbated by COVID-19. So, first of all, internal migrants suffered, who constitute the most vulnerable category, the very existence of which is directly related to daily earnings. The economy of India, as well as many economies of the world, has suspended its activity. Factories, factories and many branches of the service sector temporarily stopped their work, as a result, there was a reverse migration from cities to the countryside. Such a migration movement negatively affected not only the social sphere, increasing tension and increasing poverty, and even poverty, but also affected the spread of the virus. Another negative feature of India is the low sanitary culture in the majority of the population.

To solve acute social problems, including food (2/3 of the population should receive 10 kg of wheat and rice each), India allocated more than 26 billion US dollars (about 2 trillion rupees) for the most vulnerable segments of the population.

The help package also includes:

support to farmers who suffered losses as a result of COVID-19 in lump-sum payments in the amount of 2 thousand rupees;

social payments to single women and in case of loss of their breadwinner - 1 thousand rupees (200 million women);

insurance coverage for medical workers in the amount of 5 million rupees;

providing the poor with free gas cylinders for cooking (83 million families), etc.

These measures are designed for about three months, in a country with a population of more than 1.3 billion people, and even with strong social tension, where for 1 thousand people. there are 0.7 hospital beds and about 50 thousand mechanical ventilation devices, of course, insufficient.³⁶

The economy of Russia..

Russia is the largest country in the world in terms of territory (17 125 191 km²) with a huge resource and scientific and technological potential. The country's economy is transformational in nature, that is, the transition from an administrative-command system to a market economy.

Russian GDP growth dynamics 37

Russian GD1 growth dynamics				
years	2016	2017	2018	2019
GDP (in billions of \$)	1281.286	1527.469	1719.9	1754.285

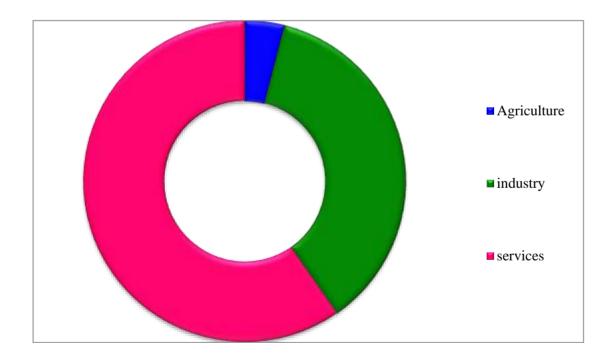


Fig. 8. Priority sectors of the Russian economy.

In the structure of GDP by sectors of the Russian economy, before COVID-19, it was characterized by the leading position in the services sector - more than 59% (the maximum GDP growth in 2019 was in the insurance sector and the financial sector - an increase of 9.7% compared to 2018), and also industry - less than 40%, "in the extractive industries, enterprises producing natural gas and gas condensate showed high rates - by 10.6%,

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³⁶ https://mpsh.ru.

³⁷ https://www.focus-economics.com/countries.

mining of ores and non-ferrous metals - plus 9.2%. A noticeable growth in the manufacturing industry is in the production of food products, beverages, tobacco products, chemicals and chemical products - at the level of 2.7%, finished metal products - at 8.7%, medicines - at 18.6%. "38 Agricultural production showed a positive trend in 2019 with an increase of 4% (5.9 trillion rubles).³⁹

Conclusions on the conducted analytical work:

1. Today it is impossible to fully assess the damage from COVID-19, of course, the service sector has become the most affected sector of the economy. Our analysis showed that in developed and rapidly developing countries, the "service sector" occupied one of the highest priority positions in ensuring the sustainability of economic development. We also note that the "service sector" is both a direct and indirect factor in the development of the sectoral structure of the country's economy.

However, the question of whether the role of the tourism industry will decrease after COVID-19?

We answer no, because the tourism industry is highly adaptive and flexible. In our opinion, other types and forms of tourism will develop (recreation, eco-recreation, etc.).

The transport sphere is a connecting link, the blood artery of the economies of countries is connected into a single world system by the processes of globalization. However, it was precisely this sphere that was one of the first to feel the negative consequences of globalization. This state of affairs will become an incentive for the development of innovations in the transport industry with an emphasis on minimizing the use of human labor.

- 2. The increased risks associated with the spread of the COVID-19 virus and its impact on the global economy negatively affected investor sentiment, which, in turn, led to a sharp decline in stock prices in major markets. This, in turn, may affect a decrease in business activity in developed and rapidly developing countries, a decrease in activity in local markets and financial markets.
- 3. In our opinion, there are positive aspects of the impact of COVID -19 on the world economic system and on national economies.

First, the crisis associated with COVID-19 exposed problems that required a complete rethinking. So, for example, medicine - this area turned out to be "unarmed" before the serious danger of coronavirus, it should be noted that the organization of the process of providing medical services in a pandemic revealed a complex of problems in this area not only in developing countries, but also in economically developed countries helplessness and unpreparedness for serious threats. In this regard, we believe that medicine is that area that needs to develop a new functioning system in its development.

Secondly, today it has already become clear that the process of introducing new professions with the possibility of carrying out their activities in the "onlin" mode, as well as accelerating the process of introducing distance education at all levels. Especially the problem of the remote organization of labor and education is characteristic of developing countries.

Thirdly, the crisis associated with COVID -19 will accelerate the process of digitalization of the economy, both in some developed and developing countries.

Fourth, COVID -19 was the impetus for most countries to strengthen their own national economies with the development of new mechanisms and the implementation of targeted intra-regional economic policies. which, in most cases, will be aimed at ensuring sustainable development of the country, including in isolation.

4. The crisis in the agricultural sector is a strategic threat directly related to the quality of human life. Here one of the significant problems is the lack of migrants in the agricultural sector. Already today, farmers in Europe and the United States are faced with the lack of seasonal migrant workers to harvest. In Spain, Italy, and in the south of France, strawberry and asparagus crops deteriorate, and later problems may arise with the cultivation of other agricultural crops. Two-thirds of seasonal workers in the EU are usually visitors from Central and Eastern Europe, Tunisia and Morocco, but the EU has closed the Schengen area, and control at national borders has also been tightened. In 2019, 258 thousand migrant workers worked in the United States, mainly from Mexico, but in mid-March, the State Department suspended the issuance of special work visas for Mexicans.40

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³⁹ https://www.agroinvestor.ru.

³⁸ https://www.radiosputnik.ria.ru

⁴⁰ https://www.agroinvestor.ru/analytics/news/33497-agrosektoru-ne-khvataet-migrantov

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